

February 28, 2002

SCOPING NOTICE
Kennedy Oil Pilot Exploratory Coal Bed Methane Project
Kennedy Oil

Bureau of Land Management
Rock Springs Field Office

Dear Reader:

Kennedy Oil (Kennedy) has notified the Bureau of Land Management (BLM), Rock Springs Field Office, that they want to initiate environmental review for a coal bed methane pilot exploration project on their federal oil and gas leases located in Townships 24 and 25 North, Range 98 West, 6th Principal Meridian, Sweetwater County, Wyoming. The enclosed document serves as notice of the beginning of the environmental analysis process to fulfill the requirements of the National Environmental Policy Act. If you are interested in participating in the process and have concerns, issues, or alternatives you would like to see addressed, please respond with your written comments by April 1, 2002. Send written comments to:

Address: Teri Deakins, Project Manager
Rock Springs Field Office
280 Highway 191 North
Rock Springs, Wyoming 82901

Email: teri_deakins@blm.gov
(please reference Kennedy CBM Pilot Project in the subject field)

If you wish to remain on the mailing list but do not want to comment at this time, you must notify BLM by the above date. Otherwise, your name will be removed from the mailing list. Those providing comments via email will be placed in a group email list and notified electronically of the availability of the document and given a link to retrieve the document from our website.

Written comments in response to this notice, including the names and addresses of respondents, will be available for public review at the BLM Rock Springs Field Office during regular business hours (7:45-4:30 p.m.), Monday through Friday (except federal holidays) after the comment period closes and may be published as part of the environmental process. Individual respondents

may request confidentiality. If you wish to withhold your name and/or address from public review or from disclosure under the Freedom of Information Act, you must state this prominently at the beginning of your written comment. Such requests will be honored to the extent allowed by law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, will be made available for public inspection in their entirety.

If you have questions regarding the NEPA process or the project, please contact Teri Deakins at 307-352-0211 or Susan Davis at 307-352-0346.

Sincerely,

/s/ Ted A. Murphy

Ted A. Murphy
Assistant Field Manager

Enclosure

Scoping Notice

Kennedy Oil Pilot Exploratory Coal Bed Methane Project Kennedy Oil

Bureau of Land Management
Rock Springs Field Office

Description of Project

Kennedy Oil (Kennedy) has notified the Bureau of Land Management (BLM), Rock Springs Field Office, that they want to initiate environmental review for a pilot exploratory coal bed methane project (CBM) on their federal oil and gas leases in Townships 24 and 25 North, Range 98 West, 6th Principal Meridian, Sweetwater County, Wyoming (see Map). The analysis area takes in approximately 10,240 acres of which 9,090 acres are federal surface and minerals and 1,150 acres State of Wyoming surface and minerals. No wells are proposed on lands owned by the State of Wyoming.

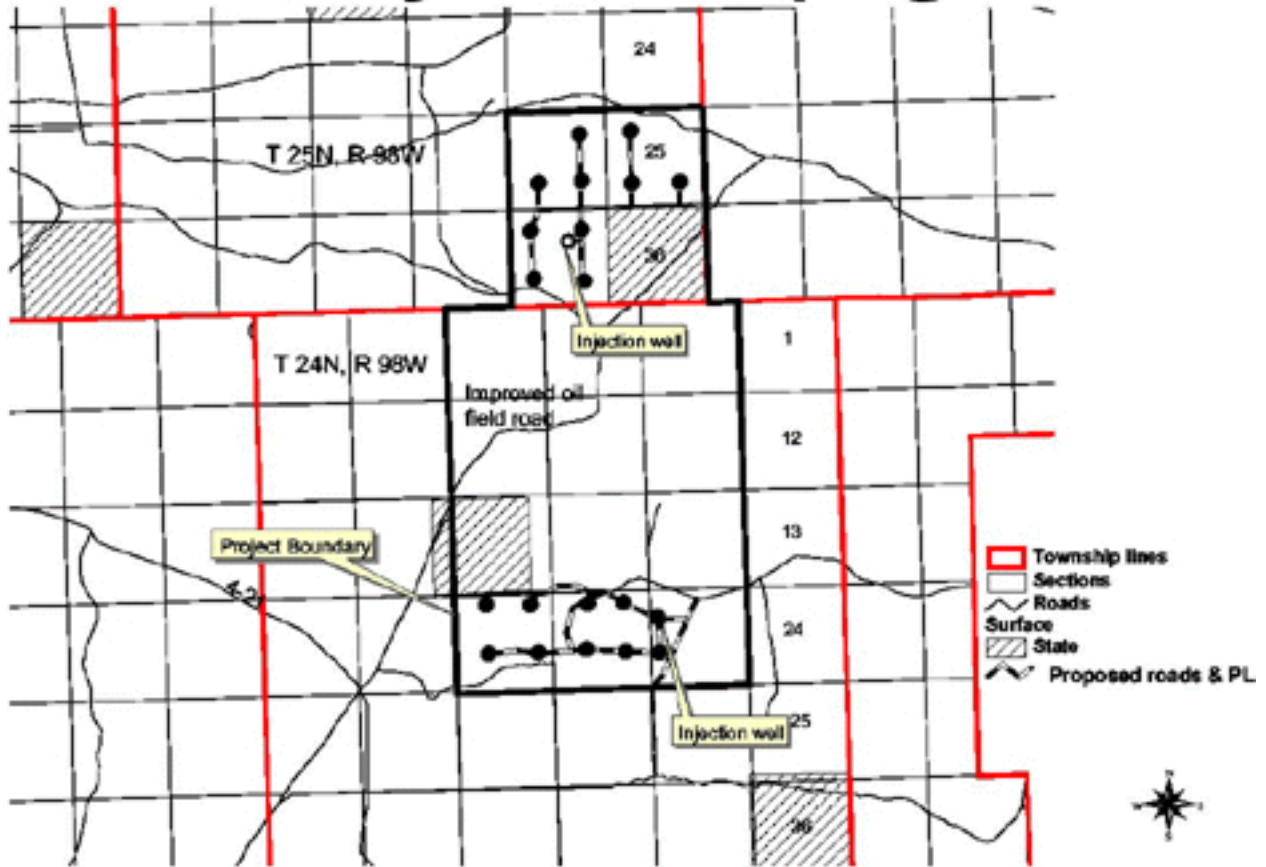
The project area is within the administrative boundary of the BLM's Rock Springs Field Office and is located in the north-central part of Sweetwater County, Wyoming. Access to the area is by Interstate Highway 80, Sweetwater County Road 4-21, and existing oil and gas field access roads.

Kennedy proposes to explore two CBM areas or pods. The northern exploratory pod would contain 10 wells and 1 water injection well. The southern pod would contain 10 wells and 1 injection well. The wells would be located on 160-acre spacing with the exception of the injection wells (see Map). All produced water would be reinjected into a water sand formation containing water of equal or lesser quality. No permanent surface discharge of produced water is proposed and all potable water would be protected. The size of these exploratory pods has been determined by the number of wells believed necessary to de-water the coal sufficiently to allow the gas to desorb (reduce pressure in the coal seam) and to determine whether gas production is economically viable.

Components of the proposal include:

- Approximately 10.75 miles of existing or newly constructed oil and gas field access road.
- 175 x 175-foot well pad for the initial drilling of each well. Reserve pits would be lined and once in operation, all unneeded disturbed areas would be reclaimed.
- Pumping units for initial de-watering. Each pumping unit would initially run on propane and then on natural gas. Pump units would be removed once the coal seam has been de-watered enough to allow testing of gas.
- Should methane gas production ensue, a covered wellhead and measurement devices would remain on the well pad. Further reclamation of disturbed areas no longer needed would be completed.
- Pipelines would follow existing roads/pipeline corridors where possible.

Kennedy CBM Scoping Notice



Kennedy would proceed with drilling and testing operations upon approval of the necessary permits by BLM and other agencies having jurisdiction.

Relationship to Land Use Plans

The *Green River Resource Management Plan and Record of Decision* (GRRMP, 1997) allows for oil and gas exploration and development. The GRRMP provides land use guidance for exploration and development of oil and gas reserves within the project area. The project area is located in an area known as the Great Divide Basin which lies within the Red Desert Watershed Management Area. Mineral exploration and development may be allowed subject to the management guidelines for fluid minerals and the Red Desert Watershed Management Area.

Lease Stipulations - All of the public lands managed by the BLM within the two pods are leased for oil and gas exploration and development. These leases may include stipulations restricting occupancy on some or all of the lease in order to protect important surface resources such as raptor breeding and nesting, or sage grouse leks and nesting habitat. One lease requires an acceptable plan for protection of visual, wildlife, watershed, and soils.

Use Authorizations - All facilities located off-lease or downstream of the gas metering points would require a right-of-way or sundry notice under the proper authority.

Compliance with the National Environmental Policy Act (NEPA)

This CBM project is subject to the appropriate level of environmental analysis. To comply with NEPA and the Council on Environmental Quality regulations which implement NEPA, BLM is required to conduct an environmental analysis.

Land and Resource Management Issues and Concerns

A BLM interdisciplinary team of resource specialists will be involved in the analysis of the environmental impacts of the proposed action and alternatives. Land and resource issues tentatively identified as potentially affected by this action include:

- Red Desert Watershed Management Area including Great Divide Basin
- Playa lakes and associated wetland areas
- Subsurface hydrology
- Class III visual resource management area
- Cultural resources and possibly Native American Religious Concerns
- BLM special status plant and animal species, including listed, proposed for listing, and candidate species, and other BLM sensitive species such as sage grouse leks and nesting habitat, raptor nesting, mountain plover habitat, and prairie dog towns
- Great Divide Basin Wild Horse Herd Management Area
- Noise
- Road layout

- Cumulative impacts

Public input is important in establishing the level and scope of the analysis. BLM is requesting the public's help in identifying the level of analysis needed, alternatives for analysis, other issues or concerns that should be analyzed, mitigative opportunities, and any other comments or ideas to help ensure the completeness of the analysis process. BLM encourages your comments. Your comments are due by April 1, 2002. Please submit your comments to:

Address: Teri Deakins, Project Manager
BLM - Rock Springs Field Office
280 Highway 191 North
Rock Springs, WY 82901

Email: teri_deakins@blm.gov
(Please reference Kennedy CBM Pilot Project in subject field)

Initial Mailing List

The scoping notice initial mailing distribution includes the following agencies, individuals, industries, organizations, and media:

Government Offices

Bureau of Land Management, Wyoming State Office (910, 912, 920, 930)
Bureau of Land Management, Rawlins Field Office
Office of the Governor
U.S. Department of the Army, Corps of Engineers
U.S. Fish and Wildlife Service
Wyoming State Clearinghouse
Wyoming Department of Environmental Quality
Wyoming Oil and Gas Conservation Commission
Wyoming Game and Fish Department (Cheyenne, Green River)

Elected and Other Officials

Mayors of Rock Springs, Green River, Superior, Wamsutter, Rawlins
Postmaster, Farson
State Senators: Rae Lynn Job, Mark Harris, Tex Boggs
State Representatives: John Eyre, Stephen Watt, Fred Parady, Bud Nelson, Bill Thompson
Sweetwater and Carbon County Commissioners
Sweetwater County Planner
Sweetwater County Libraries, Green River, Rock Springs
U.S. Congresswoman Barbara Cubin, Kate Legerski, Representative
U.S. Senator Mike Enzi, Lyn Shanaghy, Representative
U.S. Senator Craig Thomas, Pati Smith, Representative

Public Land Users and User Groups

Affected grazing permittee in the Red Desert Allotment and affected interests

People for the West

Petroleum Association of Wyoming

Independent Petroleum Association of Mountain States

Native American Tribes: Eastern Shoshone, Northern Ute, Northern Arapaho, Shoshone-Bannock

Sierra Club, Northern Plains Representative

Southwest Wyoming Industrial Association

Wilderness Society

Rocky Mountain Elk Foundation

National Wildlife Federation

Wyoming Wildlife Federation

Wyoming Association of Professional Archaeologists

Wyoming Outdoor Council

Wyoming Public Lands Council

Wyoming Chapter of the Sierra Club

Environmental Defense Fund

Biodiversity Associates

Newspapers

Pinedale Roundup

Sublette County Journal

Kemmerer Gazette

Rock Springs Daily Rocket-Miner

Casper Star-Tribune

Green River Star

Wyoming State Journal

Uinta County Herald

Radio Stations

KQSW/KRKK. Rock Springs

KMKX - Rock Springs

KUGR - Green River

KYCS - Rock Springs

KMER - Kemmerer

KRAL - Rawlins

KUWR - University of Wyoming

Television Stations

KTWO-TV - Casper

KCWY-TV - Casper

KFNB-TV - Casper

KGWC-TV - Casper

Sweetwater Television

